



PG – 522

**III Semester M.Com. Examination, December 2015**  
**(CBCS Scheme)**  
**COMMERCE**  
**A.T. 3.2 : Corporate Financial Reporting**

Time : 3 Hours

Max. Marks : 70

**Instruction : Answer all Sections.**

**SECTION – A**

1. Answer **any seven** of the following sub-questions in about **3-4 lines each**. **Each** sub-question carries **two** marks. **(7×2=14)**
- a) What do you mean by Corporate Financial Reporting ?
  - b) What do you mean by Shareholders Value Added ?
  - c) State the meaning of Forward Contract under Derivatives.
  - d) What is meant by Hedge Accounting ?
  - e) What do you mean by Human Resource Reporting ?
  - f) What is Sustainable Reporting ?
  - g) State any four examples for Financial Assets.
  - h) What are Performance Indicators under GRI ?
  - i) What are NBFCs ?
  - j) Differentiate between EVA and MVA.

**SECTION – B**

Answer **any four** of the following questions. **Each** question carries **five** marks. **(4×5=20)**

2. Explain the requirements to be fulfilled by a Merchant Banker for registration with SEBI.
3. What are the similarities and differences between IFRS and USGAAP ?
4. What do you mean by Ind. AS ? State the significance of Indian Accounting Standards (Ind. AS).

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5. Entity A is considering the following Financial Instruments. You are required to classify the following instruments into Financial Assets and Financial Liability :
  - a) An accounts receivables that is not held for trading.
  - b) Investment in shares and other equity instruments issued by other entities.
  - c) Investments in bonds and other debt instruments.
  - d) Bonds and other debt instruments issued by the entity.
  - e) Deposits in other entities.
6. What is USGAAP ? Explain the organizations which influenced the development of USGAAP.
7. Briefly explain the issues and problems with special reference to Published Financial Statements.

## SECTION – C

Answer **any three** of the following. Each question carries **twelve** marks. (3×12=36)

8. "The Triple Bottom Line Reporting (TBL) is made up of Social, Economic and Environment Dimensions". Discuss.
9. Prepare a Gross Value Added Statement from the following P and L Account of Dakshineshwar Ltd., show also the Reconciliation between Gross Value Added and Profit before Taxation.

**Profit and Loss Account for the year ended 31-03-2015**

Particulars	Rs. in Lakhs	Rs. in Lakhs
<b>Income : Sales</b>	–	610
Other Income	–	25
<b>Total Income</b>		<b>635</b>
<b>Less : Expenditure :</b>		
Production and Operational Expenses	(465)	–
Administration Expenses	(19)	–
Interest and other charges	(27)	–
Depreciation	(14)	(525)
Profit Before Tax	–	110
<b>Less : Provision for Tax</b>	–	(16)
Profit After Tax	–	94
<b>Add : Balance as per last Balance Sheet</b>	–	7
		<b>101</b>

QUESTION NO. 10 AND 11 (10 MARKS EACH)

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**Transferred to :**

General Reserve	60	
Proposed Dividend	11	71
Surplus carried to Balance Sheet	–	30
<b>Total</b>		<b>101</b>

**Notes :**

- 1) Production and Operational Expenses : (Rs. in Lakhs)
- |   |                   |
|---|-------------------|
| Increase in Stock                         | 112               |
| Consumption of Raw materials              | 185               |
| Consumption of Stores                     | 22                |
| Salaries, Wages, Bonus and Other Benefits | 41                |
| Cess and Local Taxes                      | 11                |
| Other Manufacturing Expenses              | <u>94</u>         |
| <b>Total</b>                              | <b><u>465</u></b> |
- 2) Administration expenses include inter-alia audit fees of Rs. 4.80 lakhs, salaries and commission to directors Rs. 5 lakhs and provision for doubtful debts Rs. 5.25 lakhs.
- 3) Interest and other charges : (Rs. in Lakhs)
- |                                    |                  |
|------------------------------------|------------------|
| On working capital loans from Bank | 8                |
| On fixed loans from IDBI           | 12               |
| On debentures                      | <u>7</u>         |
| <b>Total</b>                       | <b><u>27</u></b> |

10. What do you mean by Financial Instruments ? Briefly explain the recognition and measurement of Financial Instruments.
11. In the context of inflation accounting system adjust the following Profit and Loss Account and Balance Sheet under the "Current Purchasing Power Method" (CPP) to ascertain the changes in net profit and reserve.

**Profit and Loss Account for the year ended 31-12-2014**

Particulars	Amount	Amount
	(Rs. 000's)	(Rs. 000's)
Sales	–	500
Opening Stock	80	–
Purchases	420	–
	<b>500</b>	

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Less : Closing stock	(70)	430
Gross Profit	–	70
Depreciation (buildings)	5	–
Administration	25	30
Net Profit	–	40

**Balance Sheet as at 31<sup>st</sup> December**

Particulars	(Rs. 000's)	
	Amount in Rs.	Amount in Rs.
Share capital	–	200
Reserves	–	200
		<b>400</b>
Land and Building	200	–
Less : Depreciation	(45)	155
Stock	70	–
Debtors	40	–
Cash	30	–
	<b>140</b>	–
Less : Creditors	(35)	105
	–	<b>400</b>

The following data are given :

- a) Closing stock was required during last quarter of 2014 and opening stock during the last quarter of 2013.
  - b) The land and building were acquired and the capital issued during 2006. The building are depreciated straight line over 40 years.
  - c) The relevant retail price indices are
    - i) 2006 average                      60
    - ii) 2013 last quarter average      108
    - iii) 2013 December 31              110
    - iv) 2014 last quarter average      116
    - v) 2014 average                      114
    - vi) 2014 December 31              118
  - d) Sales, purchases and administration expenses assumed to occur over the year and hence an average prices.
12. "The International Accounting Standards Board (IASB) is the independent, accounting standard-setting body of the IFRS foundation". Explain the structure and governance of IASB.